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**SANTA CLARA VALLEY
TRANSPORTATION AUTHORITY**

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
June 30, 2009**

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**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED
June 30, 2009**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
AND THE TRANSPORTATION DEVELOPMENT ACT**

Board of Directors
Santa Clara Valley Transportation Authority
San Jose, California

We have audited the financial statements of the business-type activities, the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Clara Valley Transportation Authority (VTA), as of and for the year ended June 30, 2009, which collectively comprise VTA's basic financial statements and have issued our report thereon dated November 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered VTA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of VTA's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects VTA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of VTA's financial statements that is more than inconsequential will not be prevented or detected by VTA's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by VTA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether VTA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act funds allocated to and received by VTA were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 6667 of Title 21 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the State Controller's Office, the Metropolitan Transportation Commission, federal awarding agencies, pass-through entities, and the Board of Directors and management of VTA, and is not intended to be and should not be used by anyone other than these specified parties.

Vasnick Time Day + Co. LLP

Palo Alto, California
December 31, 2009

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Directors
Santa Clara Valley Transportation Authority
San Jose, California

Compliance

We have audited the compliance of the Santa Clara Valley Transportation Authority (VTA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. VTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of VTA's management. Our responsibility is to express an opinion on VTA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about VTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of VTA's compliance with those requirements.

In our opinion, VTA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of VTA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered VTA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the VTA's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities, the government activities, each major fund, and the aggregate remaining fund information of the VTA as of and for the year ended June 30, 2009, and have issued our report thereon dated December 31, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the VTA's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors and management of VTA, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Varrinck Trine Day + Co. LLP

Palo Alto, California
December 31, 2009

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

Program Description	Federal CFDA Number	Grant Number	Program Award	Federal Receivable at June 30, 2008
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster:				
Federal Transit Capital Investment Grants:				
	20.500	CA-03-0478	\$ 9,428,000	\$ -
	20.500	CA-03-0512	12,945,714	81,464
	20.500	CA-03-0635	975,663	2,657
	20.500	CA-03-0639	4,694,254	-
	20.500	CA-03-0654	773,364	-
	20.500	CA-03-0793	6,370,650	-
	20.500	CA-04-0028	495,000	-
	20.500	CA-04-0059	396,000	396,000
	20.500	CA-05-0210	32,770,641	7,916,261
Total Federal Transit Capital Investment Grants			68,849,286	8,396,382
Federal Transit Formula Grants:				
	20.507	CA-90-0799	8,500,825	-
	20.507	CA-90-0884	24,953,040	-
	20.507	CA-90-0001	82,768,872	-
	20.507	CA-90-0067	101,182,953	39,671
	20.507	CA-90-0131	38,780,064	-
	20.507	CA-90-0250	39,791,368	-
	20.507	CA-90-0346	35,689,976	85,822
	20.507	CA-90-0439	34,049,836	42,309
	20.507	CA-90-0538	35,724,166	5,636
	20.507	CA-90-0628	31,865,893	23,376,639
	20.507	CA-90-0698	42,194,197	-
	20.507	CA-90-4086	6,248,000	6,248,000
	20.507	CA-96-0029	47,194,197	-
	20.507	CA-26-7019	50,000	1,112
	20.507	CA-39-0005	725,000	-
Total Federal Transit Formula Grants			529,718,387	29,799,189
Passthrough California State Department of Transportation	20.507	CA-81-2003(01)	136,520	86,520
Passthrough California State Department of Transportation	20.507	HOTM-1	1,572,842	855
Passthrough CA Department of Energy	20.507	USDOE	100,000	-
Passthrough Metropolitan Transportation Commission	20.507	P3101-MTC	600,000	165,520
Passthrough Metropolitan Transportation Commission	20.507	CMAQ & SAFE Funds	2,051,000	887
Passthrough Metropolitan Transportation Commission	20.507	MTC-VTA-0191	2,237,855	-
Passthrough California State Department of Transportation	20.507	648010	255,880	-
Total Passthrough Program			6,954,097	253,782
Total Federal Transit Cluster			605,521,770	38,449,353
Highway Planning and Construction Grants:				
Passthrough California State Department of Transportation	20.205	CMA-07-09	1,820,000	217,313
Passthrough California State Department of Transportation	20.205	4-2079	17,373,119	5,977,579
Passthrough California State Department of Transportation	20.205	04-6264R	2,920,000	481,855
Passthrough California State Department of Transportation	20.205	04-4396A8L	2,520,000	-
Total Highway Planning and Construction Grants			24,633,119	6,676,747
U.S. DEPARTMENT OF HOMELAND SECURITY				
Transit Security Grant				
Passthrough CA Governor's Office of Homeland Security	97.075	2005-GB-T5-0002	742,050	150,309
Passthrough CA Governor's Office of Homeland Security	97.075	06TSGP0001	1,186,349	130,037
Total Passthrough Program			1,928,399	280,346
TOTAL FEDERAL AWARDS			\$ 632,083,288	\$ 45,406,446

(1) Pass-through entity number is not available

See accompanying notes to schedule of expenditures of federal awards.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

EXPENDITURES - FEDERAL SHARE			RECEIPTS			Federal Receivable at June 30, 2009
Cumulative Prior to July 1, 2008	July 1, 2008 through June 30, 2009	Cumulative through June 30, 2009	Cumulative Prior to July 1, 2008	July 1, 2008 through June 30, 2009	Cumulative through June 30, 2009	
\$ 9,428,000	\$ -	\$ 9,428,000	\$ 9,428,000	\$ -	\$ 9,428,000	\$ -
12,177,346	162,372	12,339,718	12,095,882	163,022	12,258,904	80,814
150,448	15,177	165,625	147,791	16,222	164,013	1,612
4,694,254	-	4,694,254	4,694,254	-	4,694,254	-
773,364	-	773,364	773,364	-	773,364	-
6,370,650	-	6,370,650	6,370,650	-	6,370,650	-
-	179	179	-	179	179	-
396,000	-	396,000	-	396,000	396,000	-
9,560,764	13,481,382	23,042,146	1,644,503	15,117,898	16,762,401	6,279,745
43,550,826	13,659,110	57,209,936	35,154,444	15,693,321	50,847,765	6,362,171
8,500,825	-	8,500,825	8,500,825	-	8,500,825	-
24,953,040	-	24,953,040	24,953,040	-	24,953,040	-
82,768,872	-	82,768,872	82,768,872	-	82,768,872	-
100,353,584	-	100,353,584	100,313,913	39,671	100,353,584	-
38,780,064	-	38,780,064	38,780,064	-	38,780,064	-
39,791,368	-	39,791,368	39,791,368	-	39,791,368	-
34,947,642	84,384	35,032,026	34,861,820	59,998	34,921,818	110,208
33,695,255	6,980	33,702,235	33,652,946	49,289	33,702,235	-
34,896,029	203,172	35,099,201	34,890,393	161,412	35,051,805	47,396
23,376,639	3,339,193	26,715,832	-	26,169,448	26,169,448	546,384
-	33,436,347	33,436,347	-	-	-	33,436,347
6,248,000	-	6,248,000	-	6,248,000	6,248,000	-
-	-	-	-	-	-	-
14,693	1,202	15,895	13,581	1	13,582	2,313
-	-	-	-	-	-	-
428,326,011	37,071,278	465,397,289	398,526,822	32,727,819	431,254,641	34,142,648
86,520	50,000	136,520	-	136,520	136,520	-
101,001	58,320	159,321	100,146	47,979	148,125	11,196
35,250	-	35,250	35,250	-	35,250	-
445,392	154,608	600,000	279,872	165,520	445,392	154,608
887	810,747	811,634	-	495,513	495,513	316,121
1,766,491	24,710	1,791,201	1,766,491	-	1,766,491	24,710
-	255,880	255,880	-	-	-	255,880
2,435,541	1,354,265	3,789,806	2,181,759	845,532	3,027,291	762,515
474,312,378	52,084,653	526,397,031	435,863,025	49,266,672	485,129,697	41,267,334
905,000	915,000	1,820,000	687,687	1,132,313	1,820,000	-
12,223,619	3,060,438	15,284,057	6,246,040	7,381,930	13,627,970	1,656,087
481,855	1,315,600	1,797,455	-	1,071,323	1,071,323	726,132
-	1,283,669	1,283,669	-	1,062,744	1,062,744	220,925
13,610,474	6,574,707	20,185,181	6,933,727	10,648,310	17,582,037	2,603,144
742,050	-	742,050	591,741	150,309	742,050	-
130,037	1,041,296	1,171,333	-	1,171,333	1,171,333	-
872,087	1,041,296	1,913,383	591,741	1,321,642	1,913,383	-
\$ 488,794,939	\$ 59,700,656	\$ 548,495,595	\$ 443,388,493	\$ 61,236,624	\$ 504,625,117	\$ 43,870,478

(1) Pass-through entity number is not available

See accompanying notes to schedule of expenditures of federal awards.

**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

JUNE 30, 2009

A. General

The schedule of expenditures of federal awards presents the activity of all federal awards programs of Santa Clara Valley Transportation Authority (VTA). Federal awards received directly from federal agencies and received through other governmental agencies are included on the schedule of expenditures of federal awards. The grant period may be different from VTA's fiscal year, which is from July 1 through June 30. Federal expenditures represent transactions during VTA's fiscal year.

B. Basis of Accounting

The schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in the notes to VTA's financial statements.

C. Relationship to Financial Statements

VTA's federal awards are reported as follows in the financial statements for the year ended June 30, 2009:

Federal grant revenues, as reported in financial statements:

Enterprise fund	\$ 51,369,545
Special revenue funds	<u>915,000</u>
Total federal grant revenues	<u><u>52,284,545</u></u>

Reconciliation of total federal grant revenues, as reported in the financial statements, to the total federal expenditures, as reported in the accompanying schedule of expenditures of federal awards:

Project revenues included in local revenues that was paid for from federal sources by local entities	6,821,699
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Other timing differences between federal grant revenues recognized and federal expenditures reported	<u>594,412</u>
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Total federal expenditures, as reported in the accompanying schedule of expenditures of federal awards	<u><u>\$ 59,700,656</u></u>
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**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
SUMMARY OF AUDITOR'S RESULTS**

YEAR ENDED JUNE 30, 2009

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>20.500 and 20.507</u>	<u>Federal Transit Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,791,020</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF CURRENT AUDIT FINDINGS**

YEAR ENDED JUNE 30, 2009

There were no findings representing significant deficiencies, material weaknesses, and instances of non-compliance including questioned costs that are required to be reported by OMB Circular A-133 or *Government Auditing Standards*.

**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS**

YEAR ENDED JUNE 30, 2009

There were no prior year's findings representing significant deficiencies, material weaknesses, and instances of non-compliance including questioned costs that are required to be reported by OMB Circular A-133 or *Government Auditing Standards*.